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***Strategic Collaboration between the Michigan Economic Development Corporation and
Tribal Economic Development Enterprises***

**Opening Remarks to the Economic Development Committee
by Matthew Wesaw, Chairman of the Pokagon Band of Potawatomi**

December 14, 2011

Chairman Kowall and Members of the Senate Economic Development Committee:

Thank you for the opportunity to submit this written testimony on behalf of the Pokagon Band of Potawatomi Indians regarding the economic potential tribes can contribute to Michigan. I am Matt Wesaw, Chairman of the Pokagon Band of Potawatomi Indians, a federally-recognized tribe whose service area is Berrien, Cass, Van Buren and Allegan Counties in southwest Michigan, and LaPorte, St. Joseph, Elkhart, Starke, Marshall and Kosciusko in northern Indiana.

The Pokagon Band maintains its sovereign right to self-rule, and its government-to-government relationships with other Native American tribes, and with states of Michigan, Indiana and the United States Government. The Band is one of twelve federally-recognized tribes located in Michigan. Through the government-to-government relationships the Pokagon Band, and the other Michigan tribes, offer a unique range of economic tools and investment to support an economic growth and sustainability strategy that benefits not only the tribes but all of Michigan. Therefore, I appreciate the committee's interest in working with tribes and specifically want to thank you Senator Kowall for making this meeting possible. I would like to offer Pokagon Band's approach to economic development and suggestions for the Committee's consideration.

The Pokagon Band Tribal Council created Mno-Bmadsen which means the "right path," to serve as the tribe's economic development enterprise to develop the strategic plan, expertise and investments that will diversify the tribe's economy for seven generations ahead. As important as gaming is to our present economic portfolio, a successful economy requires diversification of business investments and job opportunities for our citizens. This in turn creates job opportunities for our neighboring localities through direct employment, contracting and vendor opportunities. Presently Mno-Bmadsen is creating the strategic plan for seven generations and has begun making investment into the areas of renewable energy, food production, architecture and engineering, federal and defense contracting, and local market projects such as gas stations and convenience stores. The tribal council appropriates funds to Mno-Bmadsen through a 5-year commitment which the organization then leverages into additional capital through other investors and loans to develop projects in line with the

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strategic plan. This strategic plan will outline a business acquisition and creation strategy that utilizes the resources and unique tools of Mno-Bmadsen as a tribal enterprise, which include:

Tribal trust land, which allows the tribe to arrange a variety of attractive business structures for tribally owned and private enterprises. Businesses located on tribal property can reinvest what would otherwise be property tax payments, into growing their business.

The Small Business Administration Native 8(a) and HUB Zone programs can be rigorous certification processes, but once certified, tribes have greater access to a number of federal contracts, including defense, that bring jobs and subcontracting opportunities to local small product and service suppliers. Once operational, our 8(a) company will direct a large percentage of sales and marketing activities to the private sector.

Tribal investment in businesses or expansion of businesses off trust land and the use of tax free status to reinvest into business development and growth. This results in additional jobs and also provides business opportunities to other non-tribal businesses that partner with the tribe.

Other tools include New Market Tax Credits which induce equity investments in financing of businesses in low-income communities, and the Community Development Financial Institution such as our tribe's, called Chi-Ishobak, which provides loans and business education to up and coming entrepreneurs.

Michigan's chronically high unemployment, out sourcing of manufacturing and other jobs demands that we work together to counter-act this trend of the past several years. I believe the tribes of Michigan are well-suited to have a major impact on economic growth in Michigan. I am confident that using the tools above we can compete in the private sector to bring good jobs to the larger Michigan community. Using our sovereign status and the unique tools afforded to us in our government-to-government and treaty relationships with the federal government, I believe tribes can lead economic development growth in their regions of the state. I strongly feel that Mno-Bmadsen has begun making the investments that will create new businesses and jobs for southwest Michigan.

Trust land is a valuable asset to tribes. It is used for community development, but can also be used for economic development. Industries facing issues of higher shipping costs, logistical issues and training problems with overseas labor are beginning to revisit the notion of made in America. Tribal lands in Michigan are ideal locations for business development because of land's tax status and access to skilled tribal and neighboring citizens, many of whom badly need work. Consider the alternative to the local communities who have lost one or two small businesses resulting in major unemployment for their residents.

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Another unique tool available to the tribe is the U. S. Small Business Administration (SBA) Native 8(a) Program, often referred to as the "8(a) Program". Mno-Bmadsen has put the people and capital together to effectuate for-profit business development that will result in jobs and further economic expansion. Furthermore, Mno-Bmadsen is working on a larger, more aggressive strategy at this point to broaden the possibilities offered by 8(a) in federal procurement of products and services. However, we have found that the rigorous application process requires that more than a well-capitalized and managed company is necessary. Hiring the right expert with successful 8(a) experience is critical. Otherwise it appears that tribes can find themselves in a several year process of receiving 8(a) certification and engaging federal business opportunities.

I believe that the Michigan Economic Development Corporation should continue working with tribes on a strategic and tactical level to provide additional investment and jobs throughout the state of Michigan. However, additional technical assistance with the nuances of the programs I've mentioned, including 8(a), can help tribe's to be successful. I believe that Michigan's economy is strengthened by flourishing tribal economic development. Providing funding for technical assistance to tribal economic development enterprises is also an investment into Michigan's economy.

Thank you for the opportunity to present my remarks to this committee. I look forward to further discussion and collaboration between Michigan and the tribes regarding economic development opportunities.

Matthew Wesaw, Tribal Chairman
Pokagon Band of Potawatomi Indians